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**DeNUCCI SAYS MBTA WASTED \$1.8 MILLION
ON DEFUNCT PARKING GARAGE PROGRAM**

State Auditor Joe DeNucci reported today that the Massachusetts Bay Transportation Authority (MBTA) wasted more than \$1.8 million in design and development fees, including a \$1.2 million no-bid contract, on a parking garage program that was subsequently cancelled.

Furthermore, DeNucci's audit disclosed, the MBTA awarded the no-bid contract to a design firm owned by a principal of the T's real estate management contractor, Transit Realty Associates (TRA), which was overseeing the parking garage program.

Last year, TRA was awarded its second five-year contract to manage the T's real estate activities. The first contract had been approved by DeNucci under the state's privatization law but was criticized in a subsequent DeNucci audit because of a lack of oversight by the MBTA that benefited TRA and resulted in substantial lost revenue to the T.

In the latest audit, DeNucci confirmed that the MBTA paid \$1.2 million in design fees and over \$600,000 in planning costs for proposed commuter parking garages at North Quincy Station, Natick Center and Salem Depot. However, the Salem plan was withdrawn because of environmental concerns, while the North Quincy and Natick proposals were cancelled because they were financially unfeasible. DeNucci said the MBTA should have completed its environmental and financial feasibility studies before authorizing these expenditures.

Moreover, DeNucci's audit stated, the planning costs included an \$86,000 payment to an out-of-state consultant, Adelphi Capital, for which the MBTA and TRA could not provide a signed contract or other supporting documentation authorizing this payment.

In another finding, the audit disclosed that flaws in the contract resulted in the non-competitive award of \$1.2 million in design fees to Engineers Design Group (EDG), which is owned by a principal of TRA.

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DeNucci's audit stated that the original TRA contract, by giving TRA the sole authority to procure the designer of the parking garages and establishing its fee in advance, prevented the awarding of the design work through a competitive process. Also, by designating EDG as the design engineer, TRA created a possible conflict because its oversight of the designer's work may not have been as objective as it might have been had a non-related party been hired. The MBTA's new contract with TRA separates the awarding of design contracts from the real estate management company.

In other findings, DeNucci questioned the MBTA's awarding of the second five-year management contract to TRA last year despite receiving another bid that was \$941,000 less. DeNucci said TRA was chosen after the MBTA revised its selection criteria to give less weight to cost. However, the T has adopted DeNucci's recommendation for future contracts and will choose the low bid after its selection committee pre-qualifies the bidders.

Also, DeNucci's audit disclosed that the MBTA granted an unearned \$275,000 work credit for the installation of fiber optic cable because it did not properly monitor TRA's activities. The money was repaid after DeNucci's staff brought the issue to TRA's attention.

Finally, in a follow-up to another MBTA audit, DeNucci said the T is now properly monitoring its elevator and escalator maintenance contracts, including the levying and collection of fines from the contractor for poor repair performance.

"Although the MBTA has made some improvements in its real estate management contract, the authority should provide stronger monitoring and scrutiny of the contractor's activities to ensure that this \$7 million contract is in the best interests of the T, its farepayers and the taxpayers," said DeNucci.